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THIS AMENDMENT:

ssed w/oral amendments by _____

Offered _____ Withdrawn _____

RECEIVED
AZ CORP COMMISSION

COMMISSIONER JENNINGS PROPOSED AMENDMENTS

JUN 3 10 18 AM '98

TIME/DATE PREPARED: June 3, 1998 (10:00AM)

DOCUMENT CONTROL

COMPANY: Competition of Electric Services throughout
the State of Arizona

AGENDA ITEM NO. U-1

DOCKET NO. RE-00000C-94-0165.

OPEN MEETING DATE: June 3, 1998

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AMENDMENT TO STAFF AMENDMENT

Page 2, Line 3 of 2nd paragraph of Option No. 1:

Beginning at "No Affected...", DELETE the remainder of the paragraph, and
INSERT:

"Generation assets of Affected Utilities will be sold at divestiture auctions.
No Affected Utility may bid on its generation assets being auctioned. However, an
Affected Utility's generation affiliate may bid on and acquire the generation assets
of its parent or sister company, or the generation assets of another Affected Utility,
subject to the following conditions: No entity or its affiliate(s) may purchase
generation assets at any divestiture auction unless it is the highest bidder and the
acquisition will not result in the entity (including any of its affiliates) having more
than 40 percent of state's total generation megawatts of capacity. To encourage
sales to non-affiliated entities, an Affected Utility that is able to sell generation
assets above book may keep 50 percent of the proceeds above book value."

Page 3, Line 1 of Option No. 2, DELETE "sufficient revenues" and after "provide" INSERT:

"100 percent of regulatory assets, all reasonable costs of separating into generation
affiliates, and any costs deemed"

Page 3, DELETE proposed staff amendment number 4, beginning with "P. 18, delete from
line 20..."